

Internal Revenue Service

Department of the Treasury

District
Director

P.O. Box 2350 Los Angeles, Calif. 90053

Person to Contact: [REDACTED]

Telephone Number: [REDACTED]

Refer Reply to: [REDACTED]

Date: August 16, 1984

Gentlemen:

We have considered your application for exemption from Federal income tax as an organization described in section 501(c)(4) of the Internal Revenue Code of 1954.

The Internal Revenue Service takes the position that in order for an organization to qualify for exemption from Federal income tax as a social welfare organization described in section 501(c)(4) of the Code, it must be primarily engaged in promoting in some way the common good and general welfare of the community as a whole.

Internal Revenue Ruling 74-17, Internal Revenue Bulletin 1974-1, page 130, provides that an organization formed by the unit owners of a condominium housing project to provide for the management, maintenance and care of the common areas of the project, as defined by State statute, with the membership assessments paid by the unit owners does not qualify under section 501(c)(4) of the Code. The services provided constitute private benefits not within the purview of section 501(c)(4) of the Code.

This ruling may be distinguished with Revenue Ruling 74-99 which provides that a homeowners' association, to qualify for exemption under section 501(c)(4) of the Code, (1) must serve a "community" which bears a reasonable relationship to an area ordinarily identified as governmental, (2) it must not conduct activities directed to the exterior maintenance of private residence, and (3) the common area or facilities it owns and maintains must be for the use and enjoyment of the general public.

Since you provide services to your membership, as described in Revenue Ruling 74-17 and do not maintain common areas for the use and enjoyment of the general public, as described in Revenue 74-99, you do not qualify for exemption under section 501(c)(4) of the Code.

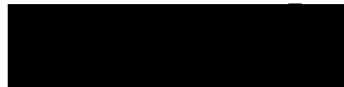
If you are in agreement with this proposed determination, we request that you sign and return the enclosed agreement Form 6018. Please note the instructions for signing on the reverse side of this form.

If you are not in agreement with this proposed determination, you have the following options:

1. Request a hearing with our office Regional Director of Appeals. Publication 892 is enclosed providing more details.
2. Request your case be referred to our National Office for technical advice. You should make a written request to our office setting forth the facts, law, and argument with respect to the issue, and reasons for requesting technical advice.
3. Request a withdrawal of this application. Based on the information contained in your application, it appears your organization would qualify under IRC 528. Publication 588 provides more details on this.

If you have questions, please do not hesitate to call this office. May we hear from you within 20 days from the date of this letter.

Yours truly,

A solid black rectangular box used to redact the signature of the Revenue Agent.

Revenue Agent

Enclosures:

Form 6018
Publication 892
Publication 588

Form **6018**
(August 1979)

Department of the Treasury-Internal Revenue Service
Consent to Proposed Adverse Action
(All references are to the Internal Revenue Code)

Prepare In
Duplicate

Case Number

Date of Latest Determination Letter

Employer Identification Number

Date of Proposed Adverse Action Letter

Name of Organization or Plan and Address



I consent to the proposed adverse action relative to the above organization or plan, as shown by the box(es) checked below. I understand that if Section 7428, Declaratory Judgments Relating to Status and Classification of Organizations under Section 501(c)(3), etc.; or Section 7476, Declaratory Judgments Relating to Qualification of Certain Retirement Plans, applies, I have the right to protest the proposed adverse action.

NATURE OF ADVERSE ACTION

☒

Denial of exemption

☐

Revocation of exemption, effective

☐

Modification of exempt status, effective

☐

Classification as a private foundation (section 509(a)), effective

☐

Classification as a non-operating foundation (section 4942(j)(3)), effective

☐

Non-qualification under section 401(a)

☐

Classification as an organization described in section 509(a)(), effective

☐

Classification as an organization described in section 170(b)(1)(A)(), effective

If you agree to the adverse action shown above, please sign and return this consent. You should keep a copy for your records.

(Signature instructions are on the back of this form.)

Name of Organization or Plan

Signature and Title

Date

Signature and Title

Date